

Building Fund Advisory Council

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2002 Total App	FY 2002 Actual	FY 2003 Approp	FY 2004 Request	FY 2004 Gov Rec
BY FUND CATEGORY					
Dedicated	95,930,000	23,054,000	17,663,800	0	0
Percent Change:		(76.0%)	(23.4%)	(100.0%)	(100.0%)
BY OBJECT OF EXPENDITURE					
Capital Outlay	95,930,000	23,054,000	17,663,800	0	0

Division Description

The Building Fund Advisory Council budget includes maintenance and construction costs for state buildings, including those at the universities and community colleges, funded from the Permanent Building Fund. The process is under the direction of the Permanent Building Fund Advisory Council, which is appointed by and serves at the pleasure of the Governor. The council is composed of a member from the Senate, a member from the House of Representatives, a contractor, a banker, and a person from the business community. Throughout the year, the council reviews and must give approval to all planning, design and construction of state public works projects.

The Permanent Building Fund receives revenue from a \$10 income tax filing fee, portions of the cigarette, beer and sales taxes, half of the lottery dividends, Capitol Mall parking receipts, interest from the Budget Stabilization Fund, periodic transfers from the General Fund, and, on occasion, other miscellaneous sources. It also retains any interest earned on the money in the Fund.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2003 Original Appropriation	0.00	0	17,663,800	0.00	0	17,663,800
Reappropriations	0.00	0	148,627,200	0.00	0	148,627,200
1. FY 2002 Cancelled Projects	0.00	0	(68,056,000)	0.00	0	(68,056,000)
2. FY 2003 Cancelled Projects	0.00	0	(13,013,800)	0.00	0	(13,013,800)
3. FY 2003 "On-Hold" Projects	0.00	0	(35,000,000)	0.00	0	(35,000,000)
4. Alt. & Rep. (Restores Projects)	0.00	0	23,000,000	0.00	0	41,166,300
5. CORR: Security Locking Systems	0.00	0	2,011,000	0.00	0	2,011,000
6. ADMIN: Statewide Microwave	0.00	0	700,000	0.00	0	700,000
Other Approp Adjustments	0.00	0	(17,663,800)	0.00	0	(17,663,800)
FY 2003 Total Appropriation	0.00	0	58,268,400	0.00	0	76,434,700
Removal of One-Time Expenditures	0.00	0	(58,268,400)	0.00	0	(76,434,700)
FY 2004 Base	0.00	0	0	0.00	0	0
FY 2004 Total	0.00	0	0	0.00	0	0
Change from Original Appropriation	0.00	0	(17,663,800)	0.00	0	(17,663,800)
% Change from Original Appropriation			(100.0%)			(100.0%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2003 Original Appropriation	0.00	0	17,663,800	0	17,663,800

Reappropriations

Reflects spending authority approved for prior years and carried over into fiscal year 2003.

Agency Request	0.00	0	148,627,200	0	148,627,200
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>148,627,200</i>	<i>0</i>	<i>148,627,200</i>

1. FY 2002 Cancelled Projects

This reduces spending authority to reflect the cancellation of new construction projects as authorized in HB 701. These projects were cancelled as part of the FY 2002 effort to balance the state's General Fund budget. (Analyst Note: Although the State Board of Examiners transferred \$68,056,000 from the Permanent Building Fund to the General Fund, spending authority was not reduced. The Governor did not specifically recommend this reduction in spending authority. However, such a reduction is necessary to accurately account for this cash transfer).

Agency Request	0.00	0	(68,056,000)	0	(68,056,000)
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>(68,056,000)</i>	<i>0</i>	<i>(68,056,000)</i>

2. FY 2003 Cancelled Projects

This reduction in spending authority reflects the cancellation of the remaining construction projects itemized in HB 701. This cancellation is part of the effort to balance the state's FY 2003 General Fund budget. (Analyst Note: Although the Governor proposes transferring \$13 million from the Permanent Building Fund to the General Fund, spending authority was not reduced. The Governor did not specifically recommend this reduction in spending authority. However, such a reduction is necessary to accurately account for this cash transfer).

Agency Request	0.00	0	(13,013,800)	0	(13,013,800)
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>(13,013,800)</i>	<i>0</i>	<i>(13,013,800)</i>

3. FY 2003 "On-Hold" Projects

This reduction in spending authority reflects the \$35 million in projects put on hold as part of the effort to balance the state's FY 2003 General Fund budget. These projects are primarily alteration and repair projects approved for FY 2002 and FY 2003. Also, included in these on-hold projects are \$2 million of the \$3 million electronic locking system for the Department of Correction. The \$2 million for DOC's locking system is restored in the Building Fund Advisory Council's FY 2003 Supplemental request. (Analyst Note: Although the Governor proposes transferring \$35 million from the Permanent Building Fund to the General Fund, spending authority was not reduced. The Governor did not specifically recommend this reduction in spending authority. However, such a reduction is necessary to accurately account for this cash transfer).

Agency Request	0.00	0	(35,000,000)	0	(35,000,000)
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>(35,000,000)</i>	<i>0</i>	<i>(35,000,000)</i>

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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4. Alt. & Rep. (Restores Projects)

This DU reflects funding for projects that have been placed on hold. These "on-hold" projects are from previous fiscal years and have been placed on hold to address the current budget issues the state is facing. Most of this request addresses previously approved Alteration and Repair projects from primarily FY 2001 through FY 2003. The Building Fund Advisory Council recommends that the Division of Public Works re-prioritize projects that have been placed on hold to ensure that each agency's most critical projects are placed at the top of their overall priority list.

Agency Request	0.00	0	23,000,000	0	23,000,000
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The Governor's recommendation includes funding for FY 2003 "on-hold" maintenance projects for state facilities in addition to requested maintenance and repair projects for FY 2004. It also includes a cash transfer of \$20,758,200 from the General Fund in FY 2004.

Governor's Recommendation	0.00	0	41,166,300	0	41,166,300
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5. CORR: Security Locking Systems

This DU will fully fund the Department's upgrade of security electronics at the Idaho Maximum Security Institution (IMSI) and at the Idaho Correctional Institution--Orofino (ICIO). The Department reports that the electronic portions of the security systems and the central processing units are wearing out and that replacement parts for the systems are no longer being manufactured. The department states that numerous problems have occurred with the control panels as well as other system failures.

This request was fully funded (\$3,011,000) by the Legislature for the current budget year but 2/3 of the appropriation was placed on hold as part of the Governor's contingency budget balancing plan.

Agency Request	0.00	0	2,011,000	0	2,011,000
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Governor's Recommendation	0.00	0	2,011,000	0	2,011,000
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6. ADMIN: Statewide Microwave

The Building Fund Council recommends \$700,000 for the final phase of the digital-to-microwave upgrade. This will complete the upgrade to the state's public safety microwave system from analog to digital technology. This conversion to microwave/digital technology will replace an aging analog system, double the capacity of the state's public safety microwave system, and provide additional capacity for future use. Completion of this conversion will also bring Idaho into compliance with FCC policies governing the conversion to digital broadcast technology.

Agency Request	0.00	0	700,000	0	700,000
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Governor's Recommendation	0.00	0	700,000	0	700,000
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Other Approp Adjustments

Adjusts the budget to reflect the FY 2003 original appropriation as a FY 2002 supplemental appropriation.

Agency Request	0.00	0	(17,663,800)	0	(17,663,800)
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Governor's Recommendation	0.00	0	(17,663,800)	0	(17,663,800)
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FY 2003 Total Appropriation

Agency Request	0.00	0	58,268,400	0	58,268,400
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Governor's Recommendation	0.00	0	76,434,700	0	76,434,700
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Removal of One-Time Expenditures

Reflects the removal of spending authority accumulated from this and prior years' appropriations to restore the base to zero.

Agency Request	0.00	0	(58,268,400)	0	(58,268,400)
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Governor's Recommendation	0.00	0	(76,434,700)	0	(76,434,700)
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FY 2004 Base

Agency Request	0.00	0	0	0	0
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Governor's Recommendation	0.00	0	0	0	0
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2004 Total					
Agency Request	0.00	0	0	0	0
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Agency Request					
Change from Original App	0.00	0	(17,663,800)	0	(17,663,800)
% Change from Original App			(100.0%)		(100.0%)
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>0.00</i>	<i>0</i>	<i>(17,663,800)</i>	<i>0</i>	<i>(17,663,800)</i>
<i>% Change from Original App</i>			<i>(100.0%)</i>		<i>(100.0%)</i>

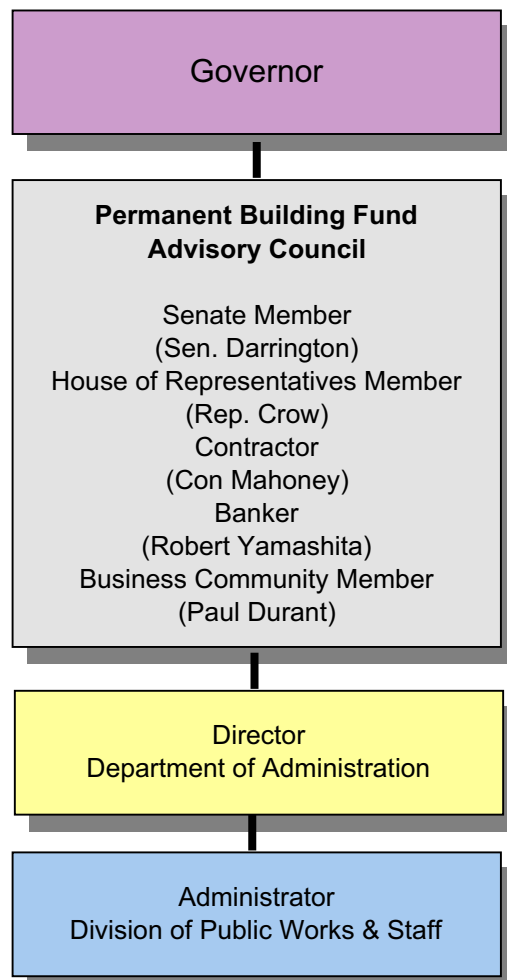
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Permanent Building Fund Advisory Council (PBFAC) Organizational Chart

- No FTP are included in the Permanent Building Fund budget.
- Employees of the Division of Public Works, Department of Administration, serve the PBFAC.



Section 57-1008, Idaho Code The permanent building fund is hereby created and established in the state treasury to which shall be deposited all revenues derived from taxes imposed and transfers authorized pursuant to the provisions of this act. All moneys now or hereafter in the permanent building fund are hereby dedicated for the purpose of building needed structures, renovations, repairs to and remodeling of existing structures at the several state institutions and for the several agencies of state government. The state treasurer shall invest the idle moneys in the fund, and the interest earned on such investments shall be retained by the fund.

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Permanent Building Fund Comparison			
	Agency Request	PBFAC Recomm.	Governor's Recomm.
REVENUES:			
Beginning Balance	\$ 3,994,100	\$ 3,994,100	\$ 3,995,200
General Fund Transfer	\$ -	\$ -	\$ 20,758,200
Income Tax Filing Fee - \$10 Head Tax	6,086,000	6,086,000	6,086,000
Cigarette Tax	6,918,000	6,918,000	6,918,000
Beer Tax	1,404,000	1,404,000	1,404,000
Sales Tax	5,000,000	5,000,000	5,000,000
Lottery Dividends	9,000,000	9,000,000	9,250,000
Capitol Mall Parking Receipts	108,000	108,000	108,000
Budget Stabilization Fund Interest	256,000	256,000	256,000
Permanent Building Fund Interest	2,010,000	2,010,000	2,010,000
Reappropriation	-	-	-
TOTAL REVENUE	\$ 34,776,100	\$ 34,776,100	\$ 55,785,400
EXPENDITURES:			
Dept of Administration Operating Budget:			
Division of Public Works	\$ 2,099,500	\$ 2,099,500	\$ 2,033,800
Bond Payments-Existing	5,000,000	5,000,000	5,000,000
Bond Payments-Proposed MK Plaza			4,874,300
Sub-total Admin Operating Budget	\$ 7,099,500	\$ 7,099,500	\$ 11,908,100
SUB-TOTAL AVAILABLE REVENUES	\$ 27,676,600	\$ 27,676,600	\$ 43,877,300
Alteration, Maintenance & Repair Projects:			
Alteration and Repairs	\$ 39,870,600	\$ 23,000,000	\$ 15,652,800
Asbestos Abatement	397,000	*	-
Underground Storage Tanks	150,000	*	-
ADA Compliance	1,764,000	*	-
Building Demolition	830,300	*	-
Capitol Mall Maintenance	-	-	-
2003 Deferred Maint. Projects	-	-	25,513,500
Sub-total Alterations & Repairs	\$ 43,011,900	\$ 23,000,000	\$ 41,166,300
* PBFAC recommendation authorizes but does not itemize expenditures for Asbestos Abatement, Underground Storage Tank Remediation, ADA Compliance, and Building Demolition.			
Capital Construction Projects:			
1. CORR: Security Locking Systems	\$ 2,011,000	\$ 2,011,000	\$ 2,011,000
2. ADMIN: Microwave completion	700,000	700,000	700,000
Sub-total Capital Projects	\$ 2,711,000	\$ 2,711,000	\$ 2,711,000
ADVISORY COUNCIL EXPENDITURES	\$ 45,722,900	\$ 25,711,000	\$ 43,877,300
ENDING BALANCE	\$ (18,046,300)	\$ 1,965,600	\$ -

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Permanent Building Fund -- Fiscal Year 2002 Actual Expenditures

The table below reflects that the Permanent Building Fund has accrued, over the last 15 years, about \$148.6 million in spending authority. This is in addition to any appropriation to be provided for the FY 2003 supplemental. The 2003 Legislature should consider reducing existing spending authority to bring the appropriation more into line with available cash and total expenditures. No reduction in spending authority was made despite the cancellation of \$68 million in construction projects as part of the budget balancing program for FY 2002. A reduction in spending authority for that amount is warranted. Further, an additional \$48 million in construction projects and alterations and repairs has been put on hold for FY 2003. In the event these "on-hold" projects are cancelled, the Legislature should consider a commensurate reduction in spending authority .

Appropriation Bill	Session	Prior Year Reappropriation	Supplementals	Reverted Spending Authority	Reappropriated Spending Authority	FY 2002 Total Expenditures
Various years	<1989	\$ 1,878,076.57	\$ -	\$ (1,878,076.57)	\$ -	\$ -
HB 694	<1989	6,121.00			(800.00)	5,321.00
HB 976	<1989	17,540.02			(10,739.02)	6,801.00
SB 1647	1990	4,343,154.71		(4,150,804.27)	(172,053.42)	20,297.02
SB 1249	1991	446,761.99			(443,981.28)	2,780.71
SB 1522	1992	117,086.26			(91,041.80)	26,044.46
HB 442	1993	221,876.41			(83,183.79)	138,692.62
SB 1588	1994	982,945.66			(697,269.99)	285,675.67
HB 384	1995	5,978,965.05			(4,902,441.38)	1,076,523.67
HB 863	1996	1,319,488.71			(827,965.00)	491,523.71
HB 401	1997	3,809,265.59			(2,328,430.06)	1,480,835.53
HB 831	1998	6,125,035.73			(3,800,878.57)	2,324,157.16
HB 368	1999	10,814,200.32			(6,073,950.72)	4,740,249.60
HB 773	2000	28,099,393.06			(20,940,016.84)	7,159,376.22
HB 373	2001	102,986,387.45	(7,100,000.00)		(90,624,472.04)	5,261,915.41
SB 1513	2002	-	17,663,800.00		(17,630,004.10)	33,795.90
		\$ 167,146,298.53	\$ 10,563,800.00	\$ (6,028,880.84)	\$ (148,627,228.01)	\$ 23,053,989.68

Source: Statewide Accounting and Reporting System (STARS)

The Building Fund Advisory Council carried over \$167.2 million in spending authority from prior fiscal years into FY 2002; reduced the FY 2001 projects by \$7.1 million and added \$17.7 million to the FY 2002 appropriation; reverted \$6 million from old projects; spent \$23.1 million in FY 2002; and reappropriated \$148.6 million from FY 2002 into FY 2003.

At the end of FY 2002, the PBF had a \$62 million cash balance. That leaves over \$86 million in reappropriated spending authority with no cash to back up those projects.

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FY 2002 CANCELLED NEW CONSTRUCTION

Cancelled Permanent Building Fund Projects: Approximately \$81.0 million in Permanent Building Fund projects was put on hold for FY 2002 as a contingency plan to balance the General Fund budget. HB 701 authorized the Board of Examiners to access Permanent Building Fund moneys to transfer to the General Fund. The fiscal note for HB 701 defined the priority sequence and the order in which projects were to be eliminated if Permanent Building Funds were needed to balance the budget. That sequence is listed below.

	Project		Cumulative
Project Description & Order of Elimination	Funds		Total
Department of Corrections: SICI Medical Building	949,000		\$ 949,000
Lava Hot Springs: Dressing Rooms	382,800		1,331,800
Department of Labor: IAB Major Remodel	890,000		2,221,800
Health & Welfare: State Hospital North Training Center	340,000		2,561,800
Department of Lands: Fire Guard Station	490,000		3,051,800
Idaho State Police: Combine Office Space, Meridian	2,249,000		5,300,800
Commission for the Blind: Seed Funds for New Location	1,500,000		6,800,800
Historical Society: Idaho History Center, Phase II	4,613,000		11,413,800
Statewide Microwave System, Phase III	2,052,000		13,465,800
Idaho Department of Water Resources: New Bldg Planning	300,000		13,765,800
Eastern Idaho Tech. College: Planning Nursing Bldg.	60,000		13,825,800
Eastern Idaho Tech. College: Maint. Bldg. Expansion	233,000		14,058,800
Department of Correction: Women's Community Work Center	3,900,000		17,958,800
Idaho State Police: POST Academy, Meridian	2,286,000		20,244,800
North Idaho College: Allied Health/Nursing/Life Sci Bldg.	10,994,000		31,238,800
Idaho State University: Classroom Building	12,177,000		43,415,800
Historical Society: Historical Museum, Phase II	1,000,000		44,415,800
Boise State University: First Building, BSU-West	8,655,000		53,070,800
University of Idaho: Teaching & Learning Center	11,729,000		64,799,800
College of Southern Idaho: Fine Arts Addition	5,402,000	*	70,201,800
Lewis-Clark State College: Campus Activity Center	10,868,000	*	\$ 81,069,800

* These projects have not been formally cancelled, instead the Governor has put them on-hold as part of his effort to balance the state's FY 2003 budget.

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PROJECTS ON HOLD FOR FY 2003

Permanent Building Fund Projects on Hold: \$35 million in PBF projects have been put on hold for FY 2003 as a contingency plan to balance the budget. Most of these projects are FY 2003 and FY 2002 alteration and repair projects. However, included in this list is the only FY 2003 new construction project approved--the Department of Correction's new electronic locking system at IMSI and ICIO--which has been restored under the FY 2003 Supplemental request. Over 200 alteration and repair projects have been placed on hold. Below is a partial list of these projects, listed in order of cost.

	Project	Cumulative
Project Description & Order of Elimination	Funds	Total
DOC: 2/3 of the electronic locking system at IMSI/ICIO	\$ 2,000,000	\$ 2,000,000
ISU: central heating plant boiler	918,000	2,918,000
ISU: Physical Science Addition, Phase 3	871,000	3,789,000
Dept. of Administration: Microwave modernization	700,000	4,489,000
UOI: Power plant maintenance	665,000	5,154,000
LCSC: Old Science Bldg. elevator/restroom upgrade	609,000	5,763,000
Dept. of Admin.: update fire sprinkling in JRW bldg.	608,000	6,371,000
BSU: chiller/cooling tower replacement—Science/Nursing Bldg	530,000	6,901,000
UOI: ADA elevator—Food Research Ctr.	459,000	7,360,000
Dept. of Correction: kitchen expansion at SIC1	433,000	7,793,000
ISCI: repair 600KW generator	415,000	8,208,000
Dept. of Admin.: asbestos abatement, statewide	409,783	8,617,783
Dept. of Admin.: purchase/install access	404,000	9,021,783
ISU: renovate 7 th floor, Garrison Hall	398,000	9,419,783
UOI: Alumni Ctr. Fire escape	396,450	9,816,233
Dept. of Admin.: replace HVAC, LBJ	394,190	10,210,423
UOI: Continuing Ed. elevator, ADA	385,960	10,596,383
LCSC: elevator upgrade, Old Science Bldg.	382,548	10,978,931
UOI: reclaimed water system	377,000	11,355,931
Remaining projects on hold	23,644,069	35,000,000